

06-10725 lbr

May 15, 2006

Hon. Linda Riegler
U.S. Bankruptcy Court
300 Las Vegas Blvd. South
Las Vegas, NV 89101

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U.S. BANKRUPTCY COURT 5-18-06
PATRICIA GRAY CLERK
Time 9:30

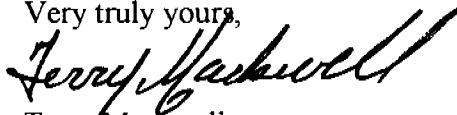
RE: USA Capital Mortgage/ Bay Pombo Beach

Dear Judge Riegler,

I am writing this letter as a concerned direct investor in 10 of the USA Loans. My specific concern is related to the Bay Pombo Beach Loan and a pending May 18th hearing to request authorization to allow USA to provide total or partial releases on several loans including the Bay Pombo loan.

From information provided by USA it appears that 50 percent of the Bay Pombo loan has been repaid. I and many of the other investors I have spoken with have only received 26 percent of the original principal. The original loan was for 32 million and USA indicates that the borrower of this loan owes 16 million dollars. Most of us received a small principal payment on March 31st just prior to the bankruptcy filing, but it is my belief that 8 million of this loan has not been distributed to the investors. At the same time I note that USA has 10 million in the bank at the time of the filing and I suspect that most of that was generated from a large pay down by the borrower made some time shortly before the filing date. Since we are allowed such limited information I can not be certain of my suspicions. My specific request and concern is that the money that should have been received by the investors is earmarked for those investors if USA is allowed to issue a release for 50% of the secured property. I only make this request if my assumption that the 8 million dollar additional payoff is part of the 10 million dollars in the USA bank account. If all of my assumptions are correct and if USA is allowed to release property for which we have not received payment then it is possible that that amount of money would become unsecured. Please don't allow our secured assets to become unsecured.

Very truly yours,



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